

# Medicare Agreement Application

## Health Care Prepayment Plan

Department of Health and Human Services  
Health Care Financing Administration  
Center for Health Plans and Providers  
Health Plan Purchasing & Administration Group

July 1999

# HEALTH CARE PREPAYMENT PLAN APPLICATION

## INTRODUCTION

### PREPARATION OF THE APPLICATION

This computer-assisted format is for IBM compatible personal computers using MSWord97 and Excel 97. The diskette file README.DOC contains important information such as last-minute changes and a list of files. Please see the technical instructions included within this application for working on the application.

### WHO SHOULD USE THIS APPLICATION

An organization may apply to enter into a Health Care Prepayment Plan (HCPP) agreement with the Health Care Financing Administration (HCFA) only if it is eligible as defined in the Balance Budget Act of 1997 §4002. Specifically:

- (1) the organization is union or employer sponsored, or
- (2) the organization does not provide, or arrange for the provision, of any inpatient hospital services. The term “does not provide or arrange for” is defined as not contracting with hospitals for inpatient services or paying claims for inpatient services.

The applicant must meet the definition above to be eligible for an HCPP agreement. Applicants who are neither unions or employers must attest that they are not providing or arranging for inpatient services. (See application Cover Sheet.)

Please note that if the organization is a separate legal entity, then it is the applicant. If the organization is a line of business of a legal entity, then the legal entity is the applicant.

### INFORMATION FOR APPLICANTS

Under the agreement with HCFA, HCFA will pay the HCPP on the basis of the reasonable cost it incurs for the covered Medicare Part B basic services that the HCPP has elected to provide. Medicare Part A services are not reimbursable to an HCPP. [See 42 CFR 417.800] The applicant for an HCPP agreement must complete a cost budget for review.

### REFERENCE MATERIALS

Information requested in this application is based on Section 1833 of Title XVIII of the Social Security Act and the applicable regulations. The applicant should be familiar with the following materials, which are available from the HCFA upon request:

1. Section 1833(a) of the Social Security Act, as amended
2. Updated applicable implementing regulations at 42 CFR Part 417.800 to 417.840
3. Public Law 105-33, the Balanced Budget Act of 1997, Subtitle A -- Medicare +Choice Program
4. Operational Policy Letters, available at HCFA's web site -  
<http://www.hcfa.gov/medicare/mgdcar1.htm>
5. Medicare Claims Reconsideration Appeals Process

## GENERAL INSTRUCTIONS

To clarify any question, refer to the regulation upon which it is based. A regulatory citation is provided after each question.

A completed application includes (items with an asterisk will be performed automatically in the computerized application):

1. Cover Sheet with the appropriate signatures
2. Table of Contents for the Narrative part
3. Table of Contents for Documents part
4. Narrative part, with each question copied and brief and precise answers, divided into chapters
5. Documents part, arranged by chapters; this part should follow the Narrative. Materials such as marketing brochures and booklets should be inserted in envelopes in the appropriate places in the application. The envelope should be numbered as a single page.

Number all pages consecutively from the Narrative through the entire Documentation part. Use a page number when referring to any document. If pages must be inserted after numbering has been completed, additional pages may be noted by A, B, C, etc.

***There must be evidence of arrangements for Medicare Part B services at the time the application is submitted. Contracts/agreements or payment arrangements (in addendums or exhibits to the contracts/agreements) must state specifically that the provider will render services to Medicare enrollees.***

**TABLES:** Within the application, you will be directed to place tables in specific places within the Narrative chapters. For those using the computerized application, placement will be automatic; otherwise, you may insert the tables at the end of each chapter. Include the completed tables as separate files on the diskette you will be submitting..

**PRINTING AND BINDING:** Both sides of the page should be used. Tabs should be inserted for each chapter of the Narrative and Documents parts. Each copy should be put in three-ring looseleaf binders. A typical application is two three-inch binders.

**NUMBER OF COPIES:** Send 3 hard copies and 2 diskette copies of your application and 1 diskette copy of the cost budget to the address below. The hard copy of the cost budget should be included in the Financial Documents part of the application.

Health Care Financing Administration  
Center for Health Plans and Providers  
Medicare Managed Care Group  
C4-23-07  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850

Also, send two hard copies of the application and one diskette copy to the appropriate regional office.

**ASSISTANCE:** Assistance is available to all applicants in the preparation of this application. You may call (410) 786-6505 to request assistance. For information on the cost budget, you may call (410)786-7609 or (410)786-7628. The appropriate HCFA regional office will provide assistance relating to health services delivery and Medicare.

## HCFA REGIONAL MEDICARE HMO COORDINATORS

- RO I        JOHN F. KENNEDY FEDERAL BUILDING, ROOM 2375, BOSTON, MA 02203  
TELEPHONE: 617-565-1267  
STATES: CONNECTICUT, MAINE, MASSACHUSETTS, NEW HAMPSHIRE, RHODE ISLAND, VERMONT
- RO II        26 FEDERAL PLAZA, ROOM 3800, NEW YORK, NY 10278  
TELEPHONE: 212-264-3661  
STATES: NEW JERSEY, NEW YORK, PUERTO RICO, VIRGIN ISLANDS
- RO III       PUBLIC LEDGER BUILDING, SUITE 216, 150 S. INDEPENDENCE MALL WEST, PHILADELPHIA, PA 19106-3499  
TELEPHONE: 215-861-4159  
STATES: DELAWARE, DISTRICT OF COLUMBIA, MARYLAND, PENNSYLVANIA, VIRGINIA, WEST VIRGINIA
- RO IV        ATLANTA FEDERAL CENTER, 61 FORSYTH ST., SW, SUITE 4T20, ATLANTA, GA 30303-8909  
TELEPHONE: 404-562-7362  
STATES: ALABAMA, FLORIDA, GEORGIA, KENTUCKY, MISSISSIPPI, NORTH CAROLINA, SOUTH CAROLINA, TENNESSEE
- RO V        105 WEST ADAMS 15th FL., CHICAGO, IL 60603-6201  
TELEPHONE: 312-353-5737  
STATES: ILLINOIS, INDIANA, MICHIGAN, MINNESOTA, OHIO, WISCONSIN
- RO VI        1301 YOUNG STREET, Room 833, DALLAS, TX 75202  
TELEPHONE: 214-767-4471  
STATES: ARKANSAS, LOUISIANA, OKLAHOMA, NEW MEXICO, TEXAS
- RO VII       NEW FEDERAL OFFICE BUILDING, 601 EAST 12th ST.- ROOM 235, KANSAS CITY, MO, 64106  
TELEPHONE: 816-426-5783  
STATES: IOWA, KANSAS, MISSOURI, NEBRASKA
- RO VIII     FEDERAL OFFICE BUILDING, 1600 BROADWAY- SUITE 700, DENVER, CO 80202  
TELEPHONE: 303-844-7056  
STATES: COLORADO, MONTANA, NORTH DAKOTA, SOUTH DAKOTA, UTAH, WYOMING
- RO IX        HEALTH PLAN & PROVIDER OPERATIONS, 75 HAWTHORNE STREET #401, SAN FRANCISCO, CA 94105-3901  
TELEPHONE: 415-744-3621  
STATES: ARIZONA, CALIFORNIA, GUAM, HAWAII, NEVADA, SAMOA
- RO X        2201 6th AVENUE, BLANCHARD BUILDING, RX-44, SEATTLE, WA 98121  
TELEPHONE: 206-615-2371  
STATES: ALASKA, IDAHO, OREGON, WASHINGTON

**PUBLIC REPORTING BURDEN:** According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0768. The time required to complete this information collection is estimated to average 75 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: HCFA, 7500 Security Boulevard, N2-14-26, Baltimore, Maryland 21244-1850 and to the Office of the Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

## TECHNICAL INSTRUCTIONS

To expedite your completion of this application, it is being provided to you as a computerized format file.

Using the computer assisted format, you will need only to fill in responses in the Narrative part and the applicable tables. For the Documents part, you will need to assemble the documents as directed within the application form and General Instructions. The Documents part does not have a computer assisted format.

**SYSTEM REQUIREMENTS:** An IBM or compatible personal computer with high density floppy drive, MSWord and Excel 97 or work-alike equivalents.

The computerized application was designed Times New Roman or Arial *proportionally-spaced* fonts. Other printers may have comparable fonts such as Times Roman, Dutch 801 Roman, Charter, Switzerland, etc., and these fonts should be suitable, but may format pages slightly differently.

**INSTALLATION:** To begin, install the electronic version of all the application files into a distinctly named folder on your computer's hard disk. Create a second folder with the complete application files to use as your working files. This technique will preserve a set of original files that you may need if problems occur as you are entering data into a working file.

**COMPLETION OF THE APPLICATION:** After installation, the next step is the completion of the application itself on the computer's hard disk within the HCPP directory.

The files supplied are Word documents or Excel spreadsheets. See the README file for a description of each file. Also, see the introduction to the application for a description of who should use this form.

To insert your responses in the Narrative chapters, simply position the cursor at the appropriate point for answering the question, and type in the answer. The rest of the application will "bump down" as you type, providing you as much space as needed.

Most tables are provided as separate files on the disk and should be filled in at their separate location. These are coded for small print size. (See Table Management below.) The Narrative sections instructs you on where to place hard copies.

Be sure to resave the document frequently as you progress.

**TABLE MANAGEMENT:** If you need copies of a table, you should create multiple blank tables within the same file, being sure to place a hard page break between each table. Save the entire file, now containing two or more tables, with the original file name.

Repeat this process each time you need multiple tables within a single file.

**PAGINATION** is completely automatic within the Narrative part, so the user should not attempt to type in page numbers as ordinary text.

**A NARRATIVE TABLE OF CONTENTS** at the beginning of the application is created or updated every time you generate the Table of Contents. (See instructions below.) You should create or update the Table of Contents as the last step before actually printing the application for submission.

After you have created a Table of Contents within a document, any subsequent editing, no matter how minor, may alter the page numbering in the Table. For that reason, before you print your final version, regenerate a final Table of Contents.

### PRINTING THE APPLICATION FOR SUBMISSION:

Generate the Table of Contents for the Narrative part:

To update the Narrative TOC, first be sure your cursor is placed just to the left of the first character of the TOC, in this case, to the left of the first line that starts with GENERAL. Then, press the F9 key. You will see a box called 'Update Table of Contents' with the selection 'Update page numbers only'. Click on OK. In a few seconds the page numbers will be correctly entered into the Narrative TOC.

Pagination of the Documents Part TOC must be manually entered. Place the cursor at the end of each line and type in the page number.

Save the end result as XXXXXXXX.APP, with the Xs being an abbreviated applicant name.

When you are ready to submit your application, copy all files from the HCPP directory on your hard disk to an empty diskette. Be certain not to further edit any file, either on hard disk or diskette to assure that the printed copy is identical to the diskette copy.

**Submit both the diskette and hard copies as directed in the general instructions.** Please clearly label the diskette with the applicant's name, date, and type of application.

GENERAL GUIDELINES FOR SUCCESS: Throughout the application, there are references to documents that are separate files on disk. Most of these files should be printed and placed in the hard copy of the application as directed, usually in a Documents chapter. However, simply leave the files as individual files on the diskette. Do not integrate the files into the application file on the diskette.

- *Each file deals with a specific topic only. Don't append material to any file that belongs elsewhere.*
- *Edit each file under its own file name*
- *The files supplied have both visible and invisible Word codes. Don't delete any of these codes. Don't attempt to replace these files with new ones of your own creation (the codes will be lost).*
- *Pagination is automatic in the Narrative part; do not attempt to insert page numbers as text.*

This procedure is harder to describe than to perform -- it is not as complicated as it may seem!

**THE APPLICATION FORM FOLLOWS THIS PAGE**

**DO NOT SUBMIT THE PREVIOUS PAGES  
IN THE PRINTED COPY OF YOUR APPLICATION**



HCFA -		OMB No. 0938-0768	
<b>HEALTH PLAN PURCHASING AND ADMINISTRATION GROUP HEALTH CARE PREPAYMENT PLAN AGREEMENT APPLICATION</b>			
NAME OF LEGAL ENTITY		MAILING ADDRESS	
TRADE NAME (if different)			
INDIVIDUAL EXECUTING (name and title)		AREA CODE TELEPHONE NO. EXTENSION	
CEO OR EXECUTIVE DIRECTOR, (if different than above individual)			
NAME AND TITLE		MAILING ADDRESS	
TELEPHONE NUMBER			
BOARD CHAIRMAN - NAME AND ADDRESS		FEDERAL TAX STATUS	
		For profit____ Not for profit____	
CONTACT PERSON FOR THIS APPLICATION:			
NAME AND TITLE		MAILING ADDRESS	
TELEPHONE NUMBER			
FAX NUMBER			
E-MAIL ADDRESS			
This applicant is union or employer sponsored: yes _____ ; no _____ If not, the signatures below attest that applicant is eligible to be an HCPP because it does not provide/arrange for any hospital inpatient services as required by the Balanced Budget Act.			
I certify that all information and statements made in this application are true, complete, and current to the best of my knowledge and belief and are made in good faith.			
Signature, Executive Director		Date	
Signature, Board Chairman		Date	

## **NARRATIVE PART TABLE OF CONTENTS**

The table of contents for the completed application is placed after the cover sheet.

For computerized application users: each chapter and subsection title within the Narrative part is marked for automatic generation of the table of contents on this page. That table appears below with page numbering that reflects a "blank" application. The numbers will change when you generate the table again for the completed application. Please follow the directions in the Technical Instructions to generate the table for the Narrative Part. Note that the table of contents for the Documents Part is not generated automatically, and is to be manually filled in after the table for the Narrative.

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For computerized application users: To add the page numbers for the Documents table of contents, place cursor at the end of each line (using the End key) and type in the page number. Do not press ENTER, just place the cursor at the end of the next line for the next page entry.

## ***GENERAL INFORMATION***

### **I. SUMMARY DESCRIPTION**

- A. Briefly describe the organization in terms of its history and its present operations. Cite significant aspects of its current financial, marketing, general management, and health services delivery activities. (Do not include information requested in the Legal Entity section.) Please include the following:
- a summary of recent financial performance including the date of achievement of breakeven\* and current operating experience
  - the extent of the current Medicare population served by the applicant, if any, and the maximum number of Medicare beneficiaries that could be served as an HCPP
- B. Medicare Contract Information: Please complete the Medicare Set-up forms; **be sure to sign pages, as indicated.** Complete the file *hcppssetu.doc* on the disk and place the hard copy in the Documents part.

### **II. LIST OF BOARD OF DIRECTORS**

Name                      Title                      Representation

### **III. KEY MANAGEMENT STAFF - 417.801(b)**

- A. Indicate the individuals responsible for the key management functions.

Staff Function	Name	Title	Employed By	% Time for HCPP
Executive				
Medical				
Utilization Review				
Finance				
Marketing				
Medicare Coordinator				
Management Information Systems				
Other				

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\* Breakeven is the point of maximum cumulative deficits followed by two consecutive quarters during which operating revenues exceeded operating expenses. Breakeven date shall be the first day of the quarter.

- B. In the Documents part, provide brief position descriptions and resumes for the individuals listed above.

IV. GEOGRAPHIC AREA - 417.800(a)(1)

Complete this section if you plan to limit enrollment to residents of a specific geographic area, or are licensed by a state for a specific area and may enroll only from that area.

For your expected Medicare enrollment area, clearly describe the requested area in terms of geographic subdivisions such as counties, cities or townships. If not a full county, zip codes must be provided. Provide a detailed map (with a scale) of the complete geographic area clearly showing the boundaries, main traffic arteries, any physical barriers such as mountains and rivers. Show location of applicant's providers who will serve Medicare members. Show on map the mean travel time from six points on the geographic area boundary to the nearest ambulatory services site.

Place maps in the Documents part of the application.

## ***ORGANIZATIONAL AND CONTRACTUAL***

### **I. LEGAL ENTITY - 417.800, 417.801**

- A. If the organization does business as (d.b.a.) a name or names different from the name shown on its Articles of Incorporation, provide such name(s) and include a copy of state approval for the d.b.a.(s) in the Documents part. Provide the name the organization will use to market its Medicare product.
- B. In chronological order, describe the legal history of the entity including predecessor corporations or organizations, mergers, reorganizations and changes of ownership. Be specific as to dates and parties involved.

State the type of legal entity of the applicant. Include in the Documents part a copy of the Articles of Incorporation, bylaws and other legal entity documentation such as a Partnership Agreement.

If the organization is a line of business, briefly describe the applicant's other lines. If the organization operates other lines of business, briefly describe these operations.

### **II. STATE AUTHORITY TO OPERATE - 417.801**

- A. Use the State License table to give information about the jurisdictions in which the organization anticipates Medicare enrollment. Indicate on the table whether the applicant holds a state license, and, if so, the type of license and the regulation of Medicare activities. Give the amount of any reserve that the state restricts for the event of insolvency. Also, list names, addresses, and telephone numbers of appropriate state regulatory officials who have authority over the organization.

Complete the table *hcppllice.doc* in its file on the disk and place the hard copy in the Documents part.

- B. If the organization is located in jurisdictions that do not require a license or certificate, describe the legal environment for the organization to operate the HCPP.

### **III. ORGANIZATION CHARTS - 417.801(b)**

Provide two separate charts at the end of this chapter, as follows:

- A. The organization itself: Show detailed lines of authority, including the relationships among the Board of Directors, the Administrator of the organization, and the medical/health services delivery component. Include titles and names of incumbents. If the organization is a line of business of a corporation, show its relationship to the corporate structure.
- B. Contractual Relationships: If applicable, indicate current contractual relationships between the organization and contractors for health services, administrative, management, and marketing services.

IV. CONTRACTS FOR MANAGEMENT SERVICES - 417.801(b)

- A. Indicate the categories of services obtained through contractual arrangements and the status of the contract(s) in the management services table.

Management Services	Contractor	Contract Effective Date	Contract End or Auto Renewal
Marketing			
Claims Processing			
Data Processing			
Management Services			
Administrative Services			
Other			

- B. Include a copy of each contract in Documents part. Specify whether any are specific to Medicare.

V. PROVIDER CONTRACTS AND AGREEMENTS - 417.800(b)(1)

For purposes of completing this application, the term "provider" is defined as physicians, physician groups and other entities offering covered Part B services. Provide information for Medicare enrollment.

**There must be documentation of arrangements for health services in the requested service area at the time the application is submitted. Arrangements with providers are to be in writing. A written agreement is evidence that a health delivery network is operational and able to provide health services to enrollees; these arrangements are typically provider contracts, but may also include employment contracts and letters of agreement. Contracts/agreements or payment arrangements (in addendums or exhibits to the contracts/agreements) must state specifically that the provider will render services to Medicare enrollees. Letters of intent are not acceptable.**

Use the Provider Arrangements table for the entire Medicare HCPP enrollment area to summarize the written agreements. Complete the table *hcppprov.doc* in its file on the disk and place the hard copy in the Documents part.

In the Documents part, provide one copy of each category of provider contract between the applicant and its primary contractors, i.e., group, IPA, PSO, etc. **Contracts should be executed at the time the application is submitted.**

For provider contracts and agreements between groups, IPAs, PSOs, etc., and individual subcontracting providers, provide one copy of each applicable subcontract in the Documents part. Applicants must demonstrate that all contractual provisions carry through to the level of provider actually rendering service to Medicare beneficiaries. (Example: Applicant contracts with an IPA and the IPA in turn contracts with individual providers. In this instance, provide one copy of the applicable subcontract.)

## VII. AGREEMENT PERIOD - 417.801(c)

Specify the agreement period requested for the HCPP agreement with HCFA. Except for the term of the initial agreement, the agreement is for a term of one year and may be renewed annually by mutual consent. The term of the initial agreement is set by HCFA.

### ON SITE DOCUMENTATION

Have the following available for inspection at the site visit:

1. Legal entity documentation
2. State license
3. Evidence of marketing licenses or approvals
4. Executed physician and other provider contracts for Medicare
5. Board and committee meeting minutes
6. Policy and procedures manuals

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Instructions for Provider Arrangements Table, *hcppprov.doc*

#### Instructions:

- Provide the table for the entire geographic area in which the applicant expects to enroll Medicare members

#### Column Explanations:

##### 1. **Category - Staff/Group/IPA/PSO/Direct:**

**Member Physicians** - Licensed Medical Doctors (M.D.) and Doctors of Osteopathic Medicine (O.D.) who are members of the entity.

**Member Non-Physicians** - Mid-wives, nurse practitioners, or chiropractors, etc., who are members of the entity.

**Non-Member Physicians** - Licensed M.D. and D.O. who are subcontracted to provide services to the entity.

**Non-Member, Non-Physician** - Mid-wives, nurse practitioners, or chiropractors, etc., who are subcontracted to provide services to the entity but are not members of the entity.



**Direct Contract HCPP-Physicians** - Licensed M.D. and D.O. who have entered into a contract with the HCPP.

2. **Number of Agreements** - List the total number of executed agreements; only contracts or Letters of Agreement (LOA) are acceptable. *Letters of intent are not acceptable.*
3. **Automatic Renewal of Agreements** - Give a "Yes" or "No" response.
4. **Page Number in Contract** - List the page number where the agreement is located in the application Documents part.

## ***HEALTH SERVICES DELIVERY***

### **I. ARRANGEMENTS FOR HEALTH CARE SERVICES - 417.800(b)**

- A. Describe the health services delivery system through which the organization will furnish covered Medicare Part B services.
- B. How will the organization assure that furnished Medicare Part B services will be provided through institutions, entities, and persons who have qualified under the appropriate requirements of Title XVIII.

### **II. MEDICARE HEALTH BENEFITS - 417.800**

- A. Describe which Medicare Part B services will be provided under the requested HCPP Agreement.
- B. Medicare Materials - Provide copies of the following in the Documents part:
  - Subscriber agreement/Evidence of coverage
  - Member handbook
  - Application form
  - Enrollment and disenrollment letters
  - Claims payment/denial notices, including those used by delegated providers
  - Correspondence relating to grievances/appeals
  - Authorization/referral forms

Draft copies or mark-ups should be submitted because HCFA review and approval are required before use.

- C. Member Grievance Procedure - 417.801(b) Explain the member grievance procedure that will be available to Medicare HCPP enrollees.
- D. Medicare Reconsideration Appeals-Hearings - 417.830-417.840 Explain the Medicare reconsideration and appeals procedures, including when these procedures will be applied in place of the member grievance procedure. Provide a copy of these procedures in the Documents part.
- E. Patient Self-Determination Amendments - 417.801(b), 417/436(d) Explain the organization's process of providing information regarding advance directives at the time of a member's enrollment. Provide forms in the Documents part.
- F. Emergency And Urgently Needed Care - 417.801(b) Explain how the organization assures that emergency and urgently needed health services are provided and what procedures are members instructed to follow to secure services? Describe your procedures for processing and paying claims for services provided to Medicare members for out-of-plan emergency and out-of-area urgently needed care.

### **ON-SITE DOCUMENTATION**

Have the following available for inspection at the site visit:

1. Encounter forms
2. Policy manual of procedures for health professionals
3. Minutes of Utilization Review and Quality Assurance Committees
4. Evidence that institutional providers and other entities providing ancillary services are certified under Title XVIII of the Social Security Act

## ***FINANCIAL***

### **I. FISCAL SOUNDNESS - 417.806, 417.801(b)(7)**

- A. Provide independently certified audited financial statements in the Documents part.

You must provide audited statements for the three most recent fiscal year periods or, if operational for a shorter period of time, for each fiscal year. If the organization is a line of business of the applicant, it should provide audited statements relating to the legal entity. Audits are to include:

1. Opinion of a certified public accountant
2. Statement of revenues and expenses
3. Balance sheet
4. Statement of cash flows
5. Explanatory notes
6. Management letters
7. Statements of changes in net worth

- B. Provide in the Documents part a copy of the most recent unaudited financial statements of the entity.
- C. Provide in the Documents part independently certified audited financial statements of guarantors, and lenders (organizations providing loans, letters of credit or other similar financing arrangements, excluding banks).
- D. If the entity is a public corporation or subsidiary of a public corporation, provide the most recent Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, Form 10-K in the Documents part.
- E. If the entity has raised capital through public offerings within the last 3 years or anticipates a public offering, provide a copy of the prospectus in the Documents part.

### **II. FINANCIAL RISK - 417.806, 417.801(b)**

State whether and how the organization limits or proposes to limit its financial risk.

- A. Describe any risk sharing with providers or any other parties. Reference, by application page number, the applicable sections of provider contracts that are included in the Documents part of this submission.
- B. Use the Insurance Table to summarize insurance or other arrangements for major types of loss and liability. Complete the table *hcppinsu.doc* in its file on the disk and place the hard copy in the Documents part.
- C. Include a copy of any reinsurance coverage policy in the Documents part.

### III. PROVISIONS FOR THE EVENT OF INSOLVENCY - 417.801(b)(7)

- A. Describe provisions or planned provisions for Medicare members in the event of insolvency:
  - 1. To pay for services for the duration of the contract period for which payment has been made.
  - 2. To protect members from incurring liability for services provided before the organization's insolvency.
- B. Provide all documents supporting these arrangements in the Documents part, including reinsurance/insolvency policies and any other proposed arrangements to cover uncovered expenditures. If applicable, include independently certified audited statements of any guarantor.

On the Uncovered Expenditures Calculation Work Sheet, calculate the organization's uncovered health care expenses for a two month period, averaged for the year following anticipated approval. Complete the table *hcppinso.doc* in its file on the disk and place the hard copy in the Documents part.

Note 1: If provisions for A or B above are provided in Documents part, reference by application page number, the applicable sections of such documents.

Note 2: Refer to the Program Information Letter on insolvency protection.

### IV. ALLOWABLE COSTS - 417.802

- A. Are all physicians paid on a fee-for-service basis, not exceeding Medicare allowable charges?
- B. If physician payments are in excess of Medicare allowable charges, describe the procedures under which physicians accept effective incentives, such as risk sharing, designed to avoid unnecessary or unduly costly utilization of health services. [HCFA will determine if the payment methodology is reasonable under the criteria in 417.802(b).]

### V. BUDGET - 417.804-417.810

Submit a copy of the cost budget in the Documents part (Form HCFA 276-92). Give assurances that the organization has adequate cost and statistical data, based on its financial and statistical records, that can be verified by qualified auditors. The cost data must be based on an approved method of cost finding and on the accrual method of accounting.

The cost budget format is the file *hcppbudg.xls*. Submit this file on a separate diskette along with the application.

### VI. ACCOUNTING FOR INCURRED BUT NOT REPORTED CLAIMS (IBNR)

Describe the method of accounting for claims incurred, but for which bills have not been received at the end of accounting periods.

VII. STATE FINANCIAL REQUIREMENTS

Describe the reserve requirements and other financial requirements set by the state(s) in which the organization does or will operate in the *hcpplce.doc* Include any supporting documentation in the Documents part.

VIII. MANAGEMENT INFORMATION SYSTEM (MIS)

Describe the use of the MIS for day-to-day management of the key organization functions as they apply to Medicare as well as long-term planning, including monitoring the use of health services. Provide a list of key reports that includes a brief description of each and indicates their distribution.

IX. DUPLICATE PAYMENT DETECTION - 417.800(c)

Explain procedures/systems for prevention and detection of payment of the same service by both the HCPP and the Medicare carrier.

X. COORDINATION OF BENEFITS

Explain procedures/systems for assuring coordination of benefits when Medicare is secondary payor and:

- A. an insurance carrier, employer, group health plan, or other entity is liable to pay for these services; or
- B. the Medicare enrollee is liable to the extent he or she has been compensated under the law or policy.

XI. LEGAL ACTIONS

If there are any, or have been legal actions against the applicant, give a brief explanation and status of each action.

ON SITE DOCUMENTS

Have the following available for inspection at the site visit:

1. Management information system reports.
2. The most recent financial statements to update those submitted with the application, using the same format.

## **MEDICARE MARKETING**

### **I. MARKETING STRATEGY - 417.800(a), 417.801(b)(4)**

- A. Describe briefly the marketing strategy for Medicare including:
  - 1. Overall approach
  - 2. Advertising/promotion strategy
  - 3. Plans for community education and public relations
  - 4. Marketing staffing
  - 5. Marketing budget
- B. Explain how the applicant ensures that it will not impose any underwriting guidelines or other policies that place restrictions or limitations on acceptance of Medicare beneficiaries for care and treatment that it does not impose on all other individuals.

### **II. TITLES XIII ENROLLMENT**

- A. Does the organization currently offer a Medicare "wraparound" or supplement? If so, how many Medicare beneficiaries are enrolled?
- B. Describe your plans for conducting enrollment of Medicare beneficiaries. State the date the applicant expects to begin serving Medicare members and the proposed enrollment period.

Provide quarterly enrollment projections for Medicare membership for the first year after anticipated HCFA approval as an HCPP. Complete the *hcppenro.doc* table in its file on the disk and place the hard copy in the Documents part.

## **ON SITE DOCUMENTATION**

Have the following available for inspection at the site visit:

- 1. Underwriting guidelines
- 2. Marketing budget

## DOCUMENTS

THE FOLLOWING DOCUMENTS ARE FILES  
THAT BELONG IN THIS PART OF THE APPLICATION

Chapter	File Name	Description
<i>GENERAL INFORMATION</i>	hcppssetu.doc	Medicare Set-up Forms
<i>ORGANIZATIONAL &amp; CONTRACTUAL</i>	hcpplice.doc	State License
	hcppprov.doc	Provider Arrangements
<i>FINANCIAL</i>	hcppinsu.doc	Insurance Coverage
	hcppinso.doc	Uncovered Expenditures
	hcpp budg.xls	Cost Budget
<i>MARKETING</i>	hcppenro.doc	Enrollment Projections

Please be sure to:

- INCLUDE THE COMPLETED FILES ON THE DISKETTE SUBMITTED TO HCFA.
- SUBMIT THE COST BUDGET ON A SEPARATE DISKETTE; FOR INFORMATION ON THE COST BUDGET, YOU MAY CALL (410)786-7609 or (410)786-7628.
- MANUALLY INSERT COMPLETED DOCUMENTS, AS DIRECTED WITHIN THE NARRATIVE, WHEN PREPARING THE HARD COPY OF APPLICATION.
- NUMBER EACH PAGE (OR DOCUMENT) IN THE DOCUMENTATION PART.
- FILL IN THE NUMBERS ON THE DOCUMENTS TABLE OF CONTENTS.